



Patrick W. Henning, Director
March 18, 2008
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Arnold Schwarzenegger
Governor

Ms. Karen Fies, Director
Sonoma County Workforce Investment Board
2227 Capricorn Way, Suite 207 E
Santa Rosa, CA 95402

Dear Ms. Fies:

WORKFORCE INVESTMENT ACT
85-PERCENT PROGRAM REVIEW
FINAL MONITORING REPORT
PROGRAM YEAR 2008-09

This is to inform you of the results of our review for Program Year (PY) 2008-09 of the Sonoma County Workforce Investment Board's (SCWIB) Workforce Investment Act (WIA) 85-Percent program operations. We focused this review on the following areas: Workforce Investment Board and Youth Council composition, local program monitoring of subrecipients, management information system/reporting, incident reporting, nondiscrimination and equal opportunity, grievance and complaint system, and Youth program operations including WIA activities, participant eligibility, and Youth services.

This review was conducted by Ms. Karen Fuller-Ware and Mr. TG Akins from September 22, 2008 through September 26, 2008.

Our review was conducted under the authority of Sections 667.400 (a) and (c) and 667.410 of Title 20 of the Code of Federal Regulations (20 CFR). The purpose of this review was to determine the level of compliance by SCWIB with applicable federal and state laws, regulations, policies, and directives related to the WIA grant regarding program operations for PY 2008-09.

We collected the information for this report through interviews with SCWIB representatives, service provider staff, and WIA participants. In addition, this report includes the results of our review of selected case files, SCWIB's response to Section I and II of the Program On-Site Monitoring Guide, and a review of applicable policies and procedures for PY 2008-09.

We received your response to our draft report on January 12, 2009, and reviewed your comments and documentation before finalizing this report. Because your response did

not adequately address findings 1, 2, 3, 4, and 5 cited in the draft report, we consider these findings unresolved. We request that SCWIB provide the Compliance Review Office with additional information and a corrective action plan to resolve the issues that led to the findings. Therefore, these findings remain open and have been assigned Corrective Action Tracking System (CATS) numbers 90036, 90037, 90038, 90039, and 90040.

BACKGROUND

The SCWIB was awarded WIA funds to administer a comprehensive workforce investment system by way of streamlining services through the One-Stop delivery system. For PY 2008-09, SCWIB was allocated: \$623,355 to serve 1,065 adult participants; \$661,282 to serve 150 youth participants; and \$1,109,161 to serve 1,187 dislocated worker participants.

For the quarter ending September 30, 2008, SCWIB reported the following expenditures for its WIA programs: \$104,378 for adult participants; \$68,803 for youth participants; and \$314,654 for dislocated worker participants. In addition, SCWIB reported the following enrollments: 654 adult participants; 113 youth participants; and 764 dislocated worker participants. We reviewed case files for 23 of the 1,531 participants enrolled in the WIA program as of September 29, 2008.

PROGRAM REVIEW RESULTS

While we concluded that, overall, SCWIB is meeting applicable WIA requirements concerning grant program administration, we noted instances of noncompliance in the following areas: WIB composition, Youth Council composition, eligibility, work permit, and supportive services. The findings that we identified in these areas, our recommendations, and SCWIB's proposed resolution of the findings are specified below.

FINDING 1

Requirement: WIA Section 117(b)(4) states, in part, that a majority of the members of the local board shall be representatives from local business.

Observation: We observed that the Sonoma County Workforce Investment Board (WIB) did not have a business majority. Specifically, there are only 23 business members listed on the roster out of 55 total WIB members.

Recommendation: We recommended that SCWIB provide the Compliance Review Office (CRO) with a Corrective Action Plan (CAP), including a timeline, for appointing the required members currently not represented on Sonoma County WIB. We also recommended that SCWIB provide CRO with a copy of the WIB roster after the vacant positions are filled.

SCWIB Response: The SCWIB stated that Sonoma County's WIB is comprised of 55 seats, 28 of which are business seats. The SCWIB further states that the vacancy rate fluctuates due to members joining as well as members submitting their resignations. Lastly, SCWIB stated that the approval process is lengthy due to the necessity of having WIB members appointed by the Sonoma County Board of Supervisors.

State Conclusion: Based on SCWIB's response, we cannot resolve this issue at this time. We recommend that SCWIB provide CRO with a copy of the WIB roster after the vacant positions are filled. Until then, this issue remains open and has been assigned CATS number 90036.

FINDING 2

Requirement: 20 CFR 661.335 states, in part, that the membership of each Youth Council must include members who represent parents of eligible youth seeking assistance.

Observation: We observed that SCWIB's Youth Council does not include a member who is a parent of an eligible youth seeking assistance. We had the similar findings in Program Years 2004-05, 2005-06, and 2006-07.

Recommendation: We recommended that SCWIB provide CRO with a CAP and time line for expanding the Youth Council to include all required members. Furthermore, we recommended that Sonoma LWIA provide CRO with a copy of the Youth Council roster after the vacant position is filled.

SCWIB Response: The SCWIB stated that efforts to fill this vacancy are ongoing. Membership is a standing agenda item for the Youth Council Executive Committee and they will continue active recruitment. Lastly, SCWIB stated that they will provide CRO with an updated roster when the vacancy is filled.

State Conclusion: Based on SCWIB's response, we cannot resolve this issue at this time. As this has been an on-going issue dating back to Program Year 2004-05 and little to no success has been had with their current recruitment plan, we, again, recommend that SCWIB provide CRO with a CAP and timeline for expanding the Youth Council to include all required members. Furthermore, we recommend that the Sonoma LWIA provide CRO with a copy of the Youth Council roster after the vacant position is filled. Lastly, we recommend that SCWIB consult with its Regional Advisor for assistance in this matter. Until then, this issue remains open and has been assigned CATS number 90037.

FINDING 3

Requirement: 20 CFR 664.200 states, in part, that an eligible youth is 14 through 21 years of age, low income, and is in one of the six identified barriers.

WIAD04-18 states, in part, that Local Workforce Investment Areas are responsible for ensuring that adequate eligibility documentation is contained in their participant case files to minimize the risk of disallowed costs.

WIAD04-18 also states, in part, that the documentation of an individual's employability (right-to-work) must be conducted in compliance with Title 8 CFR Section 274a.2 which states the federal requirements and procedures persons or entities must comply with when hiring, or when recruiting or referring for a fee, or when continuing to employ individuals in the United States. These requirements and procedures are published as the Immigration and Naturalization Service (INS) Form I-9, and take precedence over any State statute and regulation governing alien status determination.

Furthermore, WIAD04-18 states, in part, that local areas shall ensure that each applicable male participating in any local program or activity established under Title I-B of WIA in their workforce investment area, or receiving any assistance or benefit under Title I-B, has not violated Section 3 of the Military Selective Service Act. All males who are at least 18 years of age and born after December 31, 1959, and who are not in the armed services on active duty, must be registered for the Selective Service. A

youth who becomes 18 years of age while participating in a WIA program must register within 30 days of his 18th birthday.

Finally, WIAD04-18 states, in part, that the term low-income individual means an individual, who:

- A. Receives, or is a member of a family that receives cash payments under a federal, state, or local income-based public assistance program;
- B. Received an income, or is a member of a family that received a total family income, for the six-month period prior to application for the program involved (exclusive of unemployment compensation, child support payments, public assistance, and old-age and survivors insurance benefits received under Section 202 of the Social Security Act) that, in relation to family size, does not exceed the higher of:
 - 1. The poverty line, for an equivalent period; or
 - 2. Seventy percent of the lower living standard income level, for an equivalent period;
- C. Is a member of a household that receives (or has been determined within the six-month period prior to application for the program involved to be eligible to receive) food stamps;
- D. Qualifies as a homeless individual;
- E. Is a foster child on behalf of whom state or local government payments are made; or
- F. Is an individual with a disability whose own income meets the requirements of a program described in (A) or (B), but who is a member of a family whose income does not meet such requirements

WIAD08-3 identifies the total family income for each family size in order to determine 70 Percent Lower Living Standard Income Level (LLSIL) and poverty guidelines.

Observation:

We observed that the following seven case files contained insufficient information to establish program eligibility:

- One case file used a Temporary Assistance for Needy Families (TANF) printout in the case file as the only form of low income verification but the printout stated the TANF case was closed six months to the day prior to the participant's enrollment. Therefore, the participant was not receiving TANF on the day he applied for WIA and there is not any documentation that he was receiving any other kind of public assistance.
- Two case files did not have adequate Right-to-Work (RTW) documents in the case file. Specifically, one case file contained the participant's birth certificate and a copy of their social security card, which are both items from list C of the I-9, but was missing a photo ID. The other case file did not contain any RTW documentation. Therefore, neither case file adequately substantiated the participants identity.

Subsequent to the on-site review, SCWIB provided a copy of a photo ID and social security card for the second participant mentioned above. However, no documentation was provided for the first participant.

- Four case files did not have Selective Service registration even though the participants were more than 30 days past their eighteenth birthday.

Subsequent to the on-site review, SCWIB provided Selective Service registration for three of the four cases mentioned above.

Recommendation: We recommended that SCWIB provide CRO with a CAP to ensure that, in the future, sufficient eligibility documentation is gathered from the participants and documented in the case file. Also, we recommended that SCWIB provide CRO with documentation for income eligibility, RTW, and Selective Service registration for the cases mentioned above.

SCWIB Response: The SCWIB stated that during the review they were not given an opportunity to discuss issues case-by-case even though some

information was provided. Additionally, SCWIB stated that since case file numbers were not identified in the draft report they would like the case numbers sent to them and time to respond.

State Conclusion: Based on SCWIB's response, we cannot resolve this issue at this time. The SCWIB's current response does not include a CAP or documentation to substantiate the eligibility of the participants mentioned above. During the review SCWIB staff were not available to the monitors due to meetings and other scheduling conflicts. On October 7, 2008 a detailed list of participant issues was provided to Ms. Karen Fies and Ms. Patricia Andrews via E-mail that provided additional time (until October 15, 2008) to respond to the issues identified. A second E-mail was issued on October 9, 2008 to Mr. Al Redwine and Ms. Patricia Andrews which provided the issues associated with three additional participants not included in the October 7, 2008 email. Again, SCWIB was given until October 15, 2008 to respond.

As the draft report noted, SCWIB responded prior to the draft report being issued on December 4, 2008 and a significant number of the original issues were resolved. Therefore, we are unclear as to your response that you did not have the case numbers and therefore need more time to respond. We, again, recommend that SCWIB provide CRO with a CAP to ensure that, in the future, sufficient eligibility documentation is gathered from the participants and documented in the case file. Also, we recommend that SCWIB provide CRO with documentation for the cases mentioned above. Until then, this issue remains open and has been assigned CATS number 90038.

FINDING 4

Requirement: California Education Code Section 49160 states, in part, that no person, firm or corporation shall employ, suffer, or permit any minor under the age of eighteen to work in or in connection with any establishment or occupation, except as provided in Section 49151, without a permit to employ, issued by the proper educational officers in accordance with law.

California Labor Code Section 1299 states, in part, that every person, or agent or officer thereof, employing minors, either directly or indirectly through third persons, shall keep on file all permits and certificates, either to work or to employ.

Observation: We reviewed case files for two 17 year old participants who worked for private companies but were not issued a work permit. While on-site, SCWIB staff stated they do not require their youth providers to maintain a copy of the work permit in the case file for any participant.

Although SCWIB subsequently provided a letter from the City of Petaluma which states that one of the participants was issued a work permit, the letter did not contain a copy of a work permit.

Recommendation: Since both participants are no longer underage, SCWIB did not need to issue the required work permits. However, we recommended that SCWIB provide CRO with a CAP to ensure that, in the future, a work permit is issued and documented in the case file for all underage participants who are placed in an employment activity while enrolled in the program.

SCWIB Response: The SCWIB stated that as WIA requires, all minors who are placed in an employment activity are required to secure a work permit. However, nowhere in WIA law does it state that it is required that a copy of the work permit be maintained in the case file.

State Conclusion: Based on SCWIB's response, we cannot resolve this issue at this time. The SCWIB has not provided CRO with a CAP to ensure that work permits are documented for all underage participants who are placed in an employment activity while enrolled in the program. The SCWIB may file the work permit at any location, it need not be in the participant case file. However, SCWIB must be able to provide a copy during the State's monitoring review in order to demonstrate compliance with WIA requirements and California Labor Laws.

We, again, recommend that SCWIB provide CRO with a CAP to ensure that, in the future, a work permit is documented either by copy in the case file, or some other method, for all underage participants who are placed in an employment activity while enrolled in the program. Until then, this issue remains open and has been assigned CATS number 90039.

FINDING 5

Requirement: 20 CFR Section 663.805(b) states, in part, that supportive services may only be provided when they are necessary to enable individuals to participate in WIA activities.

OMB Circular A-87(c)(1) states, in part, that to be allowable under Federal awards, costs must be adequately documented.

Observation: We observed that three case files did not contain adequate documentation for supportive services payments to the participant. More specifically, one participant was given dishes when he moved into a new residence, another was given fifty dollars for food while living in a local youth shelter, and a third participant was given one hundred dollars for interview clothing.

In all three cases above, we found no documentation supporting the supportive service payments.

Recommendation: We recommended that SCWIB provide CRO with a CAP to ensure that, in the future, all supportive services are properly documented in the case file with a justification if WIA funds are used. In addition, we recommended that SCWIB provide CRO with documentation for the supportive services payments for each of the participants mentioned above.

SCWIB Response: The SCWIB stated that they cannot accurately respond to this finding because we did not include specific case numbers in the draft report. However, SCWIB speculated that the participants mentioned above were given the incentives because they had achieved a measurable goal.

State Conclusion: Based on SCWIB's response, we cannot resolve this issue at this time. The SCWIB's response does not address the issue that no justification or receipt of incentive was documented in the participant's case files. As stated above, On October 7, 2008 a detailed list of participant issues was provided to Ms. Karen Fies and Ms. Patricia Andrews via E-mail that provided additional time (until October 15, 2008) to respond to the issues identified. A second E-mail was issued on October 9, 2008 to Mr. Al Redwine and Ms. Patricia Andrews which provided the issues associated with three additional participants not included in the

October 7, 2008 email. Again, SCWIB was given until October 15, 2008 to respond.

As the draft report noted, SCWIB responded prior to the draft report being issued on December 4, 2008 and a significant number of the original issues were resolved. Therefore, we are unclear as to your response that you did not have the case numbers and therefore need more time to respond. We, again, recommend that SCWIB provide CRO with a CAP to ensure that, in the future, all supportive services are properly documented in the case file with a justification if WIA funds are used. In addition, we recommend that SCWIB provide CRO with documentation for the supportive services payments for each of the participants mentioned above. Until then, this issue remains open and has been assigned CATS number 90040.

In addition to the findings above, we identified a concern that may become a compliance issue if not addressed. Specifically, we found that six males registered for Selective Service more than 30 days after their eighteenth birthday. We suggest that SCWIB take action to ensure that, in the future, all male participants register for Selective Service no more than thirty days after their eighteenth birthday.

In its response, SCWIB stated that they have added a tickler system to their current Youth tracking database to notify providers 30 days prior to a male's eighteenth birthday. The SCWIB's response adequately addressed our concerns and no further action is necessary.

We provide you up to 20 working days after receipt of this report to submit your response to the Compliance Review Office. Because we faxed a copy of this report to your office on the date indicated above, we request your response no later than April 16, 2009. Please submit your response to the following address:

Compliance Monitoring Section
Compliance Review Office
722 Capitol Mall, MIC 22M
P.O. Box 826880
Sacramento, CA 94280-0001

In addition to mailing your response, you may also FAX it to the Compliance Monitoring Section at (916) 654-6096.

Because the methodology for our monitoring review included sample testing, this report is not a comprehensive assessment of all of the areas included in our review. It is SCWIB's responsibility to ensure that its systems, programs, and related activities comply with the WIA grant program, Federal and State regulations, and applicable

Ms. Karen Fies

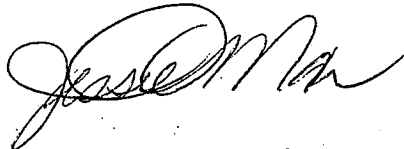
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State directives. Therefore, any deficiencies identified in subsequent reviews, such as an audit, would remain SCWIB's responsibility.

Please extend our appreciation to your staff for their cooperation and assistance during our review. If you have any questions regarding this report or the review that was conducted, please contact Ms. Mechelle Hayes at (916) 654-7005 or Mr. TG Akins at (916) 654-8428.

Sincerely,

A handwritten signature in black ink, appearing to read "Jessie Mar", with a stylized, cursive script.

JESSIE MAR, Chief
Compliance Monitoring Section
Compliance Review Office

cc: Daniel Patterson, MIC 45
Jose Luis Marquez, MIC 50
Dathan O. Moore, MIC 50
Eileen Rohlfing, MIC 50